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SUBJECT: ROMANIA'S SOCIAL DEMOCRATS REGROUP FOR UPCOMING  
ELECTIONS

REF: BUCHAREST 1646

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Classified By: POL COUNSELOR TED TANOUE FOR REASONS 1.4 (B) AND (D).

¶1. (C) Summary: After a two-year slide in the polls while marked as the "party of corruption," Romania's opposition party is now consolidating its leadership and preparing for European parliamentary elections in 2007. Divided and weak since losing the 2004 elections, the Social Democratic Party (PSD) is unifying a leadership team under Mircea Geoana that aims to re-shape the party's image and recapture a place in Romanian governance. Some PSD parliamentarians said a possible coalition with the democrats was unlikely before the May 31 European Parliament elections, but may be the most likely governing solution afterwards. End Summary.

December Showdown  
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¶2. (C) Two years after losing the presidency and governing responsibility to the PD-PNL Democratic Alliance and settling down to as low as 20% popularity in the polls, Romania's Social Democratic Party (PSD) is attempting a comeback. Citing disunity as the PSD's main problem, Party spokesperson and Senator Cristian Diaconescu told poloffs that reform of the party had been a long ongoing internal process but the December 10 National Congress would be a "decisive moment," when the party would elect the "new leadership to rule the party through 2010." He claimed the "old leaders were toppled" and there was "no realistic competitor" to PSD President Mircea Geoana. Diaconescu added that a new leadership structure was needed since less than half of the current party leadership was actually involved in decision-making.

Streamlining the Party Structure  
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¶3. (C) During the Social Democrats, National Council on November 3, party president Mircea Geoana announced planned changes to the party's leadership structure. At the National Congress on December 10, the party would create and fill a consolidated leadership structure consisting of a president, general secretary, and eight vice presidents. The vice presidents would be split between regional representatives and technocrats. Geoana justified the rush to make leadership changes on December 10 by pointing to President Traian Basescu's wish to hold snap elections concurrently with Romania's elections for the European Parliament on May 31, 2007. PSD Deputy and Former Finance Minister Mihai Tanasescu noted to poloffs that the position

of executive president, which former Prime Minister Adrian Nastase had held until April, would likely be dissolved, and that neither he nor former president Ion Iliescu would hold executive positions.

#### Geoana on Top?

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14. (C) Tanasescu--a Geoana loyalist--claimed that the internal fighting within the National Council was beginning to subside and that Geoana now enjoyed the support of about 85% of the party. He said Iliescu was changing his attitude towards one of support for Geoana. Tanasescu argued this unity was necessary before the Social Democrats could begin to effectively counter journalists, bias against PSD, which he said resulted because "they could not speak out under Nastase."

15. (C) Ioan Rus, Cluj group, which emerged as the main internal opposition to Iliescu's group, has thrown its support behind Geoana. Ioan Rus declared at the National Council that the Cluj Group would support Geoana's candidacy, though Rus' support included some criticism directed at Iliescu, who, in turn, complained Rus' decision sounded "forced" rather than genuine. PSD Senator Viorel Hrebenciuc, who is rumored to have long controlled the purse strings of the PSD, echoed Rus' views, noting that "Geoana is the leader. Iliescu is finished. Nastase is history." Hrebenciuc said Iliescu, whom Geoana beat in April 2005, was still needed though, as he "campaigns well with the peasants." Hrebenciuc said he told Nastase not to fight Geoana, but that since Nastase never understood that he was no longer leader of the party, they pushed Nastase out in April 2006.

#### Euro-Parliamentary Elections the Test

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16. (C) Hrebenciuc said that despite the expressed preference

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of President Basescu, it was impossible to have early general elections, but that the European Parliamentary elections would be an important indicator of the various parties' strengths in the run up to parliamentary elections in 2008. He said the "next six months would be decisive" as the party would try to move from its current low standing of about 23% percent to around 33-35% in the polls.

17. (C) Diaconescu said that the Social Democrats lost their support in Romania's five largest cities) Bucharest, Iasi, Constanta, Cluj, and Timisoara - during the 2004 elections. The challenge for the party was to regain its urban votes without losing its rural base, noting that party old-timers including former President Iliescu would be helpful in appealing to rural voters. Diaconescu acknowledged that Geoana's "intellectual" image and lack of President Basescu's populist touch were handicaps, but insisted that a strong team around the party president to promote the party's ideas would help compensate for this. Diaconescu added that the Liberals were "going down" as the current split in the PNL between the Tariceanu-Olteanu wing and the emerging Stolojan-Stoica "Liberal-Democrat" faction could take as much as 10% of their popular vote, reducing Prime Minister Tariceanu's Liberals to 6-7% in the polls (reftel).

#### Post-Election Coalition Realignments Possible

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18. (C) Diaconescu believed the Democrats, even with the possibility of merging with a new Stolojan-Stoica "Liberal Democrat" party, would not have the votes to govern without a coalition. Moreover, ultra-nationalists Gigi Becali and Vadim Tudor were gaining in the polls, making a future coalition that much harder to form. After reviewing possible coalition combinations, Diaconescu opined that a future

PSD-PD coalition was "closer to a solution" as the Democrats had the second best party infrastructure in the country, next to PSD. Both Tanasescu and Hrebenciuc said that a coalition with the PD would only be possible following the May 2007 Euro-Parliament elections, since each party would be focused on maximizing its own vote until then. Tanasescu figured the best way forward would be a PD-PSD coalition focused on improving Romania's administrative capacity so that it can take advantage of EU accession funds and focus on economic development as its post EU-accession national agenda.

19. (C) Comment: Geoana appears to have emerged as the uncontested leader of PSD, with some of the old-timers stepping, or being pushed, to the back. Whether Geoana is able to erase the stigma of corruption and increase his party's standings in the next elections remain open questions. Conventional political wisdom among all of the mainstream parties now focuses on a three-tiered electoral roadmap: elections for the European Parliament on May 31, 2007; Romanian Parliamentary elections in 2008; and Presidential elections in 2009. President Basescu remains the only one still pushing for snap elections but he has recently acknowledged that even sitting parliamentarians within his Democratic Alliance coalition are loath to stand for a new election. Other parties shared the PSD view that the 2007 Euro-Parliament race would be a preliminary test of parties' relative strengths. Several law-makers mentioned that the leaders of many parties may actually appear at the head of the party lists in order to make the European Parliamentary election truly a test-run for the 2008 Romanian parliamentary election. End Comment.  
Taubman